

Message Text

CONFIDENTIAL

PAGE 01 STATE 050105
ORIGIN EUR-12

INFO OCT-01 ISO-00 SS-15 NSC-05 /033 R

DRAFTED BY TEXT RECEIVED FROM WHITE HOUSE (S/S 7706272)
APPROVED BY EUR- REBARBOUF
S/S -MR. SEBASTIAN

-----080357Z 063019 /61

R 072101Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 050105

E.O. 11652: GDS

TAGS: PFOR, US, UK, PO

SUBJECT: PRESIDENTIAL MESSAGE

1. PLEASE DELIVER THE FOLLOWING MESSAGE FROM THE PRESIDENT
TO PRIME MINISTER CALLAGHAN: QUOTE: MARCH 5, 1977
DEAR MR. PRIME MINISTER:
I WOULD LIKE TO RAISE WITH YOU PERSONALLY THE QUESTION OF
BALANCE OF PAYMENTS ASSISTANCE TO PORTUGAL WHICH I BELIEVE
IS NECESSARY TO HELP STABILIZE THAT COUNTRY'S ECONOMY AND
PREVENT A REVERSAL OF ITS CURRENT POSITIVE POLITICAL
EVOLUTION.

THE CONSISTENT POLITICAL SUPPORT OF GREAT BRITAIN HAS BEEN
AN ESSENTIAL ELEMENT IN THE RESTORATION OF DEMOCRACY TO
PORTUGAL. HOWEVER, THE SITUATION REMAINS UNCERTAIN.
PRIME MINISTER SOARES IS FACING A DIFFICULT PERIOD, IN
WHICH ECONOMIC DISTRESS -- COUPLED WITH HIS EFFORTS TO
RELIEVE IT -- FOSTER POLITICAL ELEMENTS WHICH DO NOT
SUPPORT PORTUGUESE DEMOCRACY.

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WESTERN EUROPE AND THE UNITED STATES HAVE ALREADY PROVIDED
PORTUGAL SUBSTANTIAL SHORT TERM FINANCING. HOWEVER, IT
WILL TAKE TWO OR THREE YEARS BEFORE PORTUGAL'S ECONOMIC

PROGRAM CAN REACH A POINT WHERE THE LARGE BALANCE OF
PAYMENTS DEFICIT CAN BE FINANCED THROUGH NORMAL MEANS.
OUR PROJECTIONS INDICATE THAT DURING THIS PERIOD ROUGHLY

1.5 BILLION DOLLARS OF ADDITIONAL OFFICIAL MEDIUM TERM FINANCING WILL BE REQUIRED.

NO SINGLE COUNTRY CAN BE EXPECTED ALONE TO PROVIDE ASSISTANCE ON SUCH A SCALE, NOR DO PORTUGAL'S DRAWING RIGHTS FROM THE INTERNATIONAL MONETARY FUND APPROACH THIS AMOUNT. A COMMON EFFORT BY AS MANY NATIONS AS POSSIBLE WILL BE REQUIRED TO PROVIDE NECESSARY ECONOMIC AND POLITICAL SUPPORT.

I KNOW THAT THE EUROPEAN COMMUNITY RECENTLY REAFFIRMED ITS POLITICAL COMMITMENT TO HELP DEMOCRACY IN PORTUGAL. HOWEVER, IN OUR VIEW, THE ANSWER TO THE BALANCE OF PAYMENTS PROBLEM IS A BROAD CONSORTIUM OF LENDING COUNTRIES WHICH WOULD PHASE ITS SUPPORT TO ENCOURAGE THE SORT OF ECONOMIC POLICIES THAT WOULD QUALIFY PORTUGAL FOR HIGHER TRANCHE DRAWINGS FROM THE INTERNATIONAL MONETARY FUND. AS YOU KNOW, PRIME MINISTER SOARES FAVORS THIS APPROACH. WE ALSO HAVE PRELIMINARY INDICATIONS OF SUPPORT FROM THE UNITED STATES CONGRESS THAT LEAD ME TO BELIEVE THE UNITED STATES COULD PROVIDE ROUGHLY ONE THIRD OF THE 1.5 BILLION DOLLARS NEEDED FOR SUCH A CONSORTIUM.

MR. PRIME MINISTER, I HOPE YOU WILL GIVE THE PROPOSED CONSORTIUM YOUR PERSONAL ATTENTION AND SUPPORT. AS PORTUGAL'S OLDEST ALLY, THE UK COULD BE UNIQUELY HELPFUL BOTH IN FORMING THE CONSORTIUM AND IN REINFORCING THE CONFIDENCE AND DETERMINATION OF PORTUGAL'S DEMOCRATIC

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FORCES. ANTHONY SOLOMON, UNDER SECRETARY-DESIGNATE OF THE TREASURY, IS PREPARED TO VISIT EUROPE SHORTLY TO FOLLOW UP ON THIS LETTER AND DISCUSS THE CONSORTIUM PROPOSAL WITH KEY FINANCE MINISTRIES.

I APPRECIATE YOUR PERSONAL INTEREST IN THIS MATTER OF IMPORTANCE TO US ALL.

SINCERELY, JIMMY CARTER. END QUOTE.

2. SIGNED ORIGINAL FOLLOWS BY POUCH.
VANCE

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INFO OCT-01 ISO-00 /013 R

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DRAFTED BY EUR/WE/KSMITH

APPROVED BY EUR/WE/EMROWELL

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FM SECSTATE WASHDC

TO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 050105

FOL RPT STATE 050105 ACTION LONDON 7 MAR 77 QUOTE

C O N F I D E N T I A L STATE 050105

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UNQUOTE VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, POLITICAL STABILITY, DEMOCRACY, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE050105
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Document Unique ID: 00
Drafter: S 7706272)
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770078-0918
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770385/aaaacxdb.tel
Line Count: 224
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f34581bc-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
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Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3184823
Secure: OPEN
Status: NATIVE
Subject: PRESIDENTIAL MESSAGE
TAGS: PFOR, PPDC, US, UK, PO, (CARTER, JIMMY), (CALLAGHAN, JAMES)
To: LONDON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f34581bc-c288-dd11-92da-001cc4696bcc
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EO Systematic Review
22 May 2009
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